

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 IGA-02

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 JUSE-00 FTC-01 /087 W

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R 231807Z SEP 76

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 4857

C O N F I D E N T I A L CARACAS 11374

E.O. 11652: GDS

TAGS: PINS, ASEC, EINV, VE

SUBJECT: STATUS OF OWENS-ILLINOIS EXPROPRIATION

REF: CARACAS 11314

1. DURING A CONVERSATION WITH THE AMBASSADOR ON OTHER SUBJECTS, OWENS-ILLINOIS CONSULTANT, EUGENIO SOLER, SAID HE BELIEVES IT LIKELY THAT GOV NEGOTIATORS HAD DECIDED THAT INTERNATIONAL ARBITRATION IS NOT "JURIDICALLY SOUND." IN HIS VIEW THE NEGOTIATORS WOULD BE ATTEMPTING TO WORK OUT MODIFIED PROCEDURES WHICH DEPART FROM INTERNATIONAL CHAMBER OF COMMERCE RULES FOR CONCILIATION AND ARBITRATION. HE STATED THAT MINISTER OF STATE FOR BASIC PRODUCTION, CARMELO LAURIA, HAD ACCEPTED THE ARBITRATION IDEA ON IMPULSE AND IT IS POSSIBLE THAT WHEN THE CONCEPT WAS STUDIED BY ATTORNEYS IT WAS FOUND LEGALLY WANTING IN THE VENEZUELAN CONTEXT. SOLER INTERPRETS LAURIA'S DEMANDS REPORTED REFTEL. AS AN ATTEMPT TO FIND A WAY OUT OF THIS DILEMMA.

2. SOLER ATTRIBUTED THE 72-HOUR ULTIMATUM AND THE ABRUPT ADJOURNMENT OF MONDAY'S MEETING WITH O-I TO LAURIA'S "SENSE OF THEATER," AND NOT TO BE TAKEN TOO
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SERIOUSLY. HE THINKS OWENS-ILLINOIS' LETTER ASKING FOR

MORE TIME WILL BE ACCEPTED. SOLER ALSO BELIEVES IT ADVISABLE FOR OWENS-ILLINOIS TO HAVE READY A LIST OF FOUR OR FIVE VENEZUELANES WHO CAN EITHER BE EXPECTED TO FAVOR THE COMPANY'S POSITION OR BE TRULY IMPARTIAL. HE WAS CONFIDENT OF BEING ABLE TO PRODUCE SUCH A LIST. IF O-I DOES RESPOND IN SUCH A FASHION, IT WILL TEST THE GOV'S ATTITUDE TO THE CONCEPT OF ARBITRATION ITSELF AND WILL ALSO PERMIT A RETURN TO THE PREVIOUS LETHARGIC COURSE OF THE NEGOTIATIONS.

3. SOLER SAID THAT THE SAFE RETURN OF NIEHOUS IS ARDENTLY DESIRED BY THE PRESIDENT ON BOTH POLITICAL AND PERSONAL HUMANITARIAN GROUNDS, AND BY THE MINISTER OF INTERIOR BECAUSE IT IS THE ONLY WAY HE CAN RECOUP HIS DASHED PRESIDENTIAL HOPES. IF THIS SHOULD OCCUR, HE IS CERTAIN THAT SOME WAY COULD BE FOUND FOR THE PRESIDENT TO FORGIVE O-I ITS TRANSGRESSIONS IN PUBLISHING THE KIDNAPPER'S COMMUNIQUE. GENERALLY, HE FOUND NO ILL WILL IN VENEZUELA TOWARD O-I AND CITED THE FACT THAT DURING THE EXTENSIVE DEBATE ON LIFTING THE CONGRESSIONAL IMMUNITIES OF THE TWO ACCUSED DEPUTIES, NO VOICE WAS RAISED AGAINST THE COMPANY.
VAKY

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